

106TH CONGRESS  
2D SESSION

# H. R. 4697

To amend the Foreign Assistance Act of 1961 to ensure that United States assistance programs promote good governance by assisting other countries to combat corruption throughout society and to promote transparency and increased accountability for all levels of government and throughout the private sector.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 2000

Mr. GEJDENSON (for himself, Mr. LANTOS, Mr. BERMAN, Mr. SMITH of New Jersey, Mr. ACKERMAN, Mr. PAYNE, and Mr. ROTHMAN) introduced the following bill; which was referred to the Committee on International Relations

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## A BILL

To amend the Foreign Assistance Act of 1961 to ensure that United States assistance programs promote good governance by assisting other countries to combat corruption throughout society and to promote transparency and increased accountability for all levels of government and throughout the private sector.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

### 3   **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “International Anti-Cor-  
5       ruption and Good Governance Act of 2000”.

1 **SEC. 2. FINDINGS AND PURPOSE.**

2 (a) FINDINGS.—The Congress finds the following:

3 (1) Widespread corruption endangers the sta-  
4 bility and security of societies, undermines democ-  
5 racy, and jeopardizes the social, political, and eco-  
6 nomic development of a society.

7 (2) Corruption facilitates criminal activities,  
8 such as money laundering, hinders economic devel-  
9 opment, inflates the costs of doing business, and un-  
10 dermines the legitimacy of the government and pub-  
11 lic trust.

12 (3) In January 1997 the United Nations Gen-  
13 eral Assembly adopted a resolution urging member  
14 states to carefully consider the problems posed by  
15 the international aspects of corrupt practices and to  
16 study appropriate legislative and regulatory meas-  
17 ures to ensure the transparency and integrity of fi-  
18 nancial systems.

19 (4) The United States was the first country to  
20 criminalize international bribery through the enact-  
21 ment of the Foreign Corrupt Practices Act of 1977  
22 and United States leadership was instrumental in  
23 the passage of the Organization for Economic Co-  
24 operation and Development (OECD) Convention on  
25 Combatting Bribery of Foreign Public Officials in  
26 International Business Transactions.

1           (5) The Vice President, at the Global Forum on  
2       Fighting Corruption in 1999, declared corruption to  
3       be a direct threat to the rule of law and the Sec-  
4       retary of State declared corruption to be a matter of  
5       profound political and social consequence for our ef-  
6       forts to strengthen democratic governments.

7           (6) The Secretary of State, at the Inter-Amer-  
8       ican Development Bank's annual meeting in March  
9       2000, declared that despite certain economic  
10      achievements, democracy is being threatened as citi-  
11      zens grow weary of the corruption and favoritism of  
12      their official institutions and that efforts must be  
13      made to improve governance if respect for demo-  
14      cratic institutions is to be regained.

15          (7) In May 1996 the Organization of American  
16      States (OAS) adopted the Inter-American Conven-  
17      tion Against Corruption requiring countries to pro-  
18      vide various forms of international cooperation and  
19      assistance to facilitate the prevention, investigation,  
20      and prosecution of acts of corruption.

21          (8) Independent media, committed to fighting  
22      corruption and trained in investigative journalism  
23      techniques, can both educate the public on the costs  
24      of corruption and act as a deterrent against corrupt  
25      officials.

1           (9) Competent and independent judiciary,  
2       founded on a merit-based selection process and  
3       trained to enforce contracts and protect property  
4       rights, is critical for creating a predictable and con-  
5       sistent environment for transparency in legal proce-  
6       dures.

7           (10) Independent and accountable legislatures,  
8       responsive political parties, and transparent electoral  
9       processes, in conjunction with professional, account-  
10      able, and transparent financial management and  
11      procurement policies and procedures, are essential to  
12      the promotion of good governance and to the combat  
13      of corruption.

14          (11) Transparent business frameworks, includ-  
15      ing modern commercial codes and intellectual prop-  
16      erty rights, are vital to enhancing economic growth  
17      and decreasing corruption at all levels of society.

18          (12) The United States should attempt to im-  
19      prove accountability in foreign countries, including  
20      by—

21              (A) promoting transparency and account-  
22          ability through support for independent media,  
23          promoting financial disclosure by public offi-  
24          cials, political parties, and candidates for public  
25          office, open budgeting processes, adequate and

1 effective internal control systems, suitable fi-  
2 nancial management systems, and financial and  
3 compliance reporting;

4 (B) supporting the establishment of audit  
5 offices, inspectors general offices, and anti-cor-  
6 ruption agencies;

7 (C) promoting responsive, transparent, and  
8 accountable legislatures that ensure legislative  
9 oversight and whistle-blower protection;

10 (D) promoting judicial reforms that crim-  
11 inalize corruption and promoting law enforce-  
12 ment that prosecutes corruption;

13 (E) fostering business practices that pro-  
14 mote transparent, ethical, and competitive be-  
15 havior in the private sector through the develop-  
16 ment of an effective legal framework for com-  
17 merce, including anti-bribery laws, commercial  
18 codes that incorporate international standards  
19 for business practices, and protection of intel-  
20 lectual property rights; and

21 (F) promoting free and fair national, state,  
22 and local elections.

23 (b) PURPOSE.—The purpose of this Act is to ensure  
24 that United States assistance programs promote good gov-  
25 ernance by assisting other countries to combat corruption

1 throughout society and to improve transparency and ac-  
2 countability at all levels of government and throughout the  
3 private sector.

4 **SEC. 3. DEVELOPMENT ASSISTANCE POLICIES.**

5 (a) GENERAL POLICY.—Section 101(a) of the For-  
6 eign Assistance Act of 1961 (22 U.S.C. 2151(a)) is  
7 amended in the fifth sentence—

8 (1) by striking “four” and inserting “five”;

9 (2) in paragraph (3), by striking “and” at the  
10 end;

11 (3) in paragraph (4), by striking the period at  
12 the end and inserting “; and”; and

13 (4) by adding at the end the following:

14 “(5) the promotion of good governance through  
15 combating corruption and improving transparency  
16 and accountability.” .

17 (b) DEVELOPMENT ASSISTANCE POLICY.—Para-  
18 graph (4) of the third sentence of section 102(b) of the  
19 Foreign Assistance Act of 1961 (22 U.S.C. 2151–1(b))  
20 is amended—

21 (1) in subparagraph (E), by striking “and” at  
22 the end;

23 (2) in subparagraph (F), by striking the period  
24 at the end and inserting “; and”; and

25 (3) by adding at the end the following:

1                   “(G) progress in combating corruption and  
 2                   improving transparency and accountability in  
 3                   the public and private sector.”.

4 **SEC. 4. DEPARTMENT OF THE TREASURY TECHNICAL AS-**  
 5 **SISTANCE PROGRAM FOR DEVELOPING**  
 6 **COUNTRIES.**

7           Section 129(b) of the Foreign Assistance Act of 1961  
 8 (22 U.S.C. 2151aa(b)) is amended by adding at the end  
 9 the following:

10                   “(3) EMPHASIS ON ANTI-CORRUPTION.—Such  
 11           technical assistance shall include elements designed  
 12           to combat anti-competitive, unethical and corrupt  
 13           activities, including protection against actions that  
 14           may distort or inhibit transparency in market mech-  
 15           anisms and, to the extent applicable, privatization  
 16           procedures.”.

17 **SEC. 5. AUTHORIZATION OF GOOD GOVERNANCE PRO-**  
 18 **GRAMS.**

19           (a) IN GENERAL.—Chapter 1 of part I of the Foreign  
 20 Assistance Act of 1961 (22 U.S.C. 2151 et seq.) is amend-  
 21 ed by adding at the end the following:

22 **“SEC. 131. PROGRAMS TO ENCOURAGE GOOD GOVERN-**  
 23 **ANCE.**

24                   “(a) ESTABLISHMENT OF PROGRAMS.—

1           “(1) IN GENERAL.—The President is author-  
2           ized to establish programs that combat corruption,  
3           improve transparency and accountability, and pro-  
4           mote other forms of good governance in countries  
5           described in paragraph (2).

6           “(2) COUNTRIES DESCRIBED.—A country de-  
7           scribed in this paragraph is a country that is eligible  
8           to receive assistance under this part (including chap-  
9           ter 4 of part II of this Act) or the Support for East  
10          European Democracy (SEED) Act of 1989.

11          “(3) PRIORITY.—In carrying out paragraph (1),  
12          the President shall give priority to establishing pro-  
13          grams in countries that received a significant  
14          amount of United States foreign assistance for the  
15          prior fiscal year, or in which the United States has  
16          a significant economic interest, and that continue to  
17          have the most persistent problems with public and  
18          private corruption. In determining which countries  
19          have the most persistent problems with public and  
20          private corruption under the preceding sentence, the  
21          President shall take into account criteria such as the  
22          Transparency International Annual Corruption Per-  
23          ceptions Index, standards and codes set forth by the  
24          International Bank for Reconstruction and Develop-



1       ment and the International Monetary Fund, and  
2       other relevant criteria.

3           “(4) REQUIREMENT.—Assistance provided for  
4       countries under programs established pursuant to  
5       paragraph (1) may be made available notwith-  
6       standing any other provision of law that restricts as-  
7       sistance to foreign countries.

8           “(b) SPECIFIC PROJECTS AND ACTIVITIES.—The  
9       programs established pursuant to subsection (a) shall in-  
10      clude, to the extent appropriate, projects and activities  
11      that—

12           “(1) support responsible independent media to  
13      promote oversight of public and private institutions;

14           “(2) implement financial disclosure among pub-  
15      lic officials, political parties, and candidates for pub-  
16      lic office, open budgeting processes, and transparent  
17      financial management systems;

18           “(3) establish audit offices, inspectors general,  
19      and anti-corruption agencies;

20           “(4) promote responsive, transparent, and ac-  
21      countable legislatures that ensure legislative over-  
22      sight and whistle-blower protection;

23           “(5) promote legal and judicial reforms that  
24      criminalize corruption and law enforcement reforms

1 and development that encourage prosecutions of  
2 criminal corruption;

3 “(6) assist in the development of a legal frame-  
4 work for commercial transactions that fosters busi-  
5 ness practices that promote transparent, ethical, and  
6 competitive behavior in the economic sector, such as  
7 commercial codes that incorporate international  
8 standards and protection of intellectual property  
9 rights;

10 “(7) promote free and fair national, state, and  
11 local elections;

12 “(8) foster public participation in the legislative  
13 process and public access to government informa-  
14 tion; and

15 “(9) engage civil society in the fight against  
16 corruption.

17 “(c) CONDUCT OF PROJECTS AND ACTIVITIES.—  
18 Projects and activities under the programs established  
19 pursuant to subsection (a) may include, among other  
20 things, training and technical assistance (including draft-  
21 ing of anti-corruption, privatization, and competitive stat-  
22 utory and administrative codes), drafting of anti-corrup-  
23 tion, privatization, and competitive statutory and adminis-  
24 trative codes, support for independent media and publica-  
25 tions, financing of the program and operating costs of

1 nongovernmental organizations that carry out such  
2 projects or activities, and assistance for travel of individ-  
3 uals to the United States and other countries for such  
4 projects and activities.

5 “(d) ANNUAL REPORT.—

6 “(1) IN GENERAL.—The President shall pre-  
7 pare and transmit to the Committee on Inter-  
8 national Relations of the House of Representatives  
9 and the Committee on Foreign Relations of the Sen-  
10 ate an annual report on—

11 “(A) projects and activities carried out  
12 under programs established under subsection  
13 (a) for the prior year in priority countries iden-  
14 tified pursuant to subsection (a)(3); and

15 “(B) projects and activities carried out  
16 under programs to combat corruption, improve  
17 transparency and accountability, and promote  
18 other forms of good governance established  
19 under other provisions of law for the prior year  
20 in such countries.

21 “(2) REQUIRED CONTENTS.—The report re-  
22 quired by paragraph (1) shall contain the following  
23 information with respect to each country described  
24 in paragraph (1):

1           “(A) A description of all United States  
2           Government-funded programs and initiatives to  
3           combat corruption and improve transparency  
4           and accountability in the country.

5           “(B) A description of United States diplo-  
6           matic efforts to combat corruption and improve  
7           transparency and accountability in the country.

8           “(C) An analysis of major actions taken by  
9           the government of the country to combat cor-  
10          ruption and improve transparency and account-  
11          ability in the country.

12          “(e) FUNDING.—Amounts made available to carry  
13          out the other provisions of this part (including chapter 4  
14          of part II of this Act) and the Support for East European  
15          Democracy (SEED) Act of 1989 shall be made available  
16          to carry out this section.”.

17          (b) DEADLINE FOR INITIAL REPORT.—The initial  
18          annual report required by section 131(d)(1) of the Foreign  
19          Assistance Act of 1961, as added by subsection (a), shall  
20          be transmitted not later than 180 days after the date of  
21          the enactment of this Act.

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